

BBWSF  
CC Lichtenstein  
12.11.8  
8/6/98



Special Liability Coverage Unit

3 Farm Glen Boulevard  
Farmington, CT 06032  
Fax: 860 954-5857

Direct Dial Number  
(860) 277-4788

August 3, 1998

David M. Wissert, Esq.  
Lowenstein Sandler  
65 Livingston Avenue  
Roseland, NJ 07068-1791

**Policyholder:** The Marmon Group  
**Purported Insured:** Group R Co., Inc.  
**Site:** Bunker Hill Mining Facility  
Coeur d'Alene Basin, Idaho  
**Re:** Potential Claim for Environmental Contamination

Dear Mr. Wissert:

I am in receipt of your July 20, 1998 letter and its enclosure. In this correspondence, you reiterate that the motion to add Group R Co., Inc. ("Group R") as a defendant to the United States of America v. Asarco, Inc. et al. lawsuit had been dismissed without prejudice. You indicate that you will notify Travelers of any relevant developments in litigation involving the site.

Attached to your letter was a copy of a October 31, 1997 letter from Mr. Michael David Lichtenstein of your office to Aetna Casualty & Surety Company. In addition to informing of Group R's potential inclusion in litigation at the site, this letter included a brief explanation of the corporate history of Group R. Apparently, 100% of the stock of Group R is currently owned by The Marmon Group. In addition, according to the information in your letter, since 1977 The Marmon Group has held at least an 85% interest in Group R and/or its predecessors.

I have located copies of the policies referenced in your notice materials regarding this matter. These policies, each of which is an Excess Overlay Indemnity Policy issued to The Marmon Group, include the following:

<u>Policy Number</u>	<u>Policy Period</u>	<u>Limits of Liability</u>
08 XN 154 WCA	6/15/79- 8/31/79	\$10 mil. excess \$60 mil.
08 XN 160 WCA	8/31/79- 8/31/80	\$10 mil. excess \$60 mil.
08 XN 259 WCA	10/1/84- 10/1/85	22.5% of \$200 mil. excess \$101 mil.

GRP "R" CDA dm - 0018



LS 003570

Mr. David M. Wissert, Esq.  
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At the current time, it appears that there is no litigation pending against Group R at the Bunker Hill Mining Facility. However, in the event that any claims are reasserted against Group R at the site, it appears unlikely that these policies would respond to any such situation.

As an initial matter, even if Group R qualifies as an insured under these policies, Excess Overlayer Indemnity Policies do not contain provisions providing for a defense of the insured. The relevant section of the Indemnity Agreement of these policies reads:

Loss shall not include any cost or expense in connection with the investigation or defense of claims or suits, or interest on any judgment which accrues after entry of the judgment.

As evidenced by this language, Travelers clearly has no defense obligations under these policies.

Based on the information submitted to date, there is no evidence that any claim that may be asserted in this matter may implicate Travelers above indicated limits of liability. Therefore, even if a claim is made, the SLCU will defer its coverage investigation under these policies until such time as Group R, The Marmon Group, and/or the controlling underlying carrier with respect to Travelers policies notifies the SLCU of the potential exhaustion of the underlying limits.

Nevertheless, if the previously threatened litigation is once again brought against Group R and/or the Marmon Group, please inform me of such. However, I will not maintain an open file on this matter until such a time as you inform me of the resumption of these potential claims.

Please be advised that Travelers continues to fully reserve its rights. Neither this nor any future investigation or communication should be deemed or construed as an admission that coverage is available for this matter, or as a waiver of any right or defense to coverage available to Travelers (whether under its contracts of insurance, or at law or in equity), or as an expansion of any duties which may be subsequently acknowledged by Travelers (if any). Without limitation of the foregoing, Travelers specifically reserves its right to decline coverage in the event that any conditions of its insurance contracts (including but not limited to those pertaining to notice, cooperation, voluntary payments, mitigation, impairment of subrogation, etc.) have been breached.

Very truly yours,



James L. Tetreault  
Assistant Account Executive

JLT229

cc: SLG-HOECU

GRP "R" CDA dm - 0019

LS 003571